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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Comptroller

FROM : Finance Division

SUBJECT: Emergency Planning - - Cash Reserve

DATE: 17 September 1954

1. The attached Staff Study, subject as above, is submitted for your consideration. Attached, also, is a detailed memorandum on this subject, forwarded for the purpose of clarification on any material in the Study, and which includes pertinent but minor items of interest.

2. In the event it is deemed inadvisable or unnecessary to take positive action at this time to provide cash reserves for emergency requirements at some subsequent date, it is requested that the Finance Division be given guidance as to the policy to be observed in the matter of emergency planning for financial continuity.

3. Since this Study discusses subject material of a highly sensitive nature, it is suggested that knowledge of the contents be restricted to those individuals in the Office of the Comptroller designated for duty on your staff at Emergency Headquarters who would be directly concerned.

  
Chief, Monetary Branch

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SUBJECT: Emergency Planning -- Cash Reserves

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NOTES ONLY

I. PROBLEM

1. In a critical situation resulting from an enemy attack, CIA may find it impossible to immediately and adequately function on an emergency basis because of the lack of readily available cash funds. Whereas, provisions have been made to have space, personnel, supplies, communication facilities, etc., at an Emergency Headquarters, no plans are known to have been made with respect to an emergency cash fund.

II. ASSUMPTIONS

2. A seriously crippling blow may have the following affects:

a. Normal sources of cash may be denied to us as the result of disorganization and destruction of facilities and the loss of life.

b. General communication systems and transportation may be disrupted and severely restricted. Transportation would be hazardous.

c. The resources of government, quasi-government and private institutions, available because of emergency planning, may be heavily taxed and difficult of access.

III. FACTS BEARING ON THE PROBLEM

3. CIA has an Emergency Plan and an Emergency Headquarters to provide for the continuity of urgent and priority activities, on a limited basis, in the event of a crisis.

4. It is estimated that [REDACTED] in currency would be needed to meet minimum, essential requirements for a two-week period.

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5. From [REDACTED] in cash is normally kept on hand in the Finance Division. These funds, in all probability, would be lost to us.

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6. The Department of the Treasury and the Federal Reserve System have plans intended to provide funds for urgent government and public requirements in an emergency. However, CIA would be one of a number of government and private organizations to be served by these plans. The source of the cash funds is the Federal Reserve Bank in [REDACTED] located about [REDACTED] from our Emergency Headquarters.

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IV. DISCUSSION

7. The CIA Emergency Plan must consider the essential need for cash

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as well as other critical items. The successful utilization of manpower, equipment and other items could be minimized and handicapped by the lack of available funds. Therefore, it is proposed to establish a cash reserve, in the amount of [REDACTED] an amount believed to be adequate but not excessive under abnormal conditions for a two-week period. This reserve fund would be held in a heavy duty safe in the vault at Emergency Headquarters, under seal, and such controls as may be felt necessary. Custodians would be designated by the Comptroller from among those individuals in his Office who are assigned to the staff for duty at Emergency Headquarters.

8. Certain risks are always present in the maintenance of a cash fund of this size. In its proposed location, it would be subject to the same risks which must be assumed in respect to other critical items to be available in an emergency. Optimum safekeeping precautions established initially, together with periodic examinations, would hold the risk to a minimum.

#### V. CONCLUSION

9. It is reasonable to conclude that CIA would not knowingly place full reliance upon the successful accomplishment of the emergency plans of the Treasury Department, the Federal Reserve System, or any other organization, to furnish an important emergency service. With all emergency activity to be directed from a central headquarters, it seems logical to plan also for the cash to finance these activities to be immediately available to those whose responsibility it would be to furnish the financial support function.

10. Whereas this proposed action to establish an emergency cash reserve fund has no specific precedent, other corollary examples of emergency planning for financial continuity are (a) proprietary and subsidy reserve funds, (b) field funds caches and (c) general stay-behind programs.

#### VI. RECOMMENDATIONS

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11. It is recommended that a cash reserve fund, in the amount of [REDACTED] be established to provide for the financing of essential activities of a critical nature. It is further recommended that, if it is approved for a cash reserve fund to be established, the detail of the plan be incorporated as an integral part of the overall CIA Emergency Plan to the extent that unnecessary risks are avoided through the omission of certain details. Information relative to safe combinations, etc., would be restricted on a need-to-know basis.

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Chief, Monetary Branch

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